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South Africa, Republic of

Citrus

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Report Highlights:

South Africa's MY 2003 citrus production is estimated to increase by about 4% from a year earlier. However, estimates are preliminary and subject to change since South Africa is conducting a citrus survey which will not be completed for several weeks. Grapefruit area was modified upward significantly to account for industry corrections to producer surveys. Fruit sizes are estimated larger than last year because of enough sunlight, good rains and favorable temperatures in most citrus growing areas. In 2003, total exports are expected to show a slight increase. Fresh fruit sent for processing is expected to rise by 9%, while domestic consumption will remain unchanged.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

South Africa's MY2003 citrus production is expected to increase by about 4% from a year earlier. Fruit sizes are estimated larger than last year because of enough sunlight and good rains and temperatures in many citrus growing areas during the growing season. Total exports are expected to show a slight increase. Fresh fruit sent for processing will likely rise by 9%, while domestic consumption remains unchanged. Exports for oranges and grapefruit are expected to improve marginally, and by 13% for lemons. Estimates are preliminary and subject to change since South Africa is conducting a citrus survey which will not be completed for several weeks. Grapefruit area was modified upward significantly to account for industry corrections to producer surveys.

In early 2003, South Africa's citrus industry underwent an operational transformation that resulted in the merging of Citrus Growers' Association (CGA), Citrus Industry Trust, and Lima. The three structures, namely, Citrus South Africa, the Citrus Exporters' Association, and the Joint Management Association, were established in 2001 to provide effective management of citrus exports. The strategy of South Africa citrus industry is to expand sales to new markets. However, South African exports must still overcome phytosanitary requirements in many countries.

South Africa's citrus industry is lobbying the government to establish domestic support schemes, as well as export enhancement programs to enable them meet the increasing strict phytosanitary requirements of importers and compete on a more level playing field with other suppliers.

South Africa's citrus production is located in subtropical areas which includes Limpopo, Mpumalanga, Kwa-Zulu Natal, Eastern Cape, and Western Cape provinces. Oranges are the most produced citrus fruit at around 60% of the total production.

Fresh Oranges

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Oranges					(HECTARES)(1000 TREES)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	39000	39751	39200	38000	0	38000
Area Harvested	30000	30000	30100	30100	0	30200
Bearing Trees	12900	12900	13000	12940	0	12980
Non-Bearing Trees	4000	4192	4000	3400	0	3360
TOTAL No. Of Trees	16900	17092	17000	16340	0	16340
Production	1230	1243	1200	1270	0	1270
Imports	1	1	1	1	0	1
TOTAL SUPPLY	1231	1244	1201	1271	0	1271
Exports	640	715	700	720	0	720
Fresh Dom. Consumption	210	200	180	200	0	200
Processing	381	329	321	351	0	351
TOTAL DISTRIBUTION	1231	1244	1201	1271	0	1271

South Africa's orange industry is primarily dominated by Valencias, followed by Delta's, Midseasons and Navels. Citrus yields in mature orchards average about 40 to 60 tons per hectare.

South Africa's MY 2003 is expected to remain fairly constant from last year because of the insignificant increase in area harvested. Rains and temperatures were average throughout the production season. Nevertheless, we expect area and output estimates to change somewhat following the citrus production survey in July. Exports are estimated conservatively because of the uncertainties of prices in export markets.

Processed Oranges

PSD Table						
Country	South Africa, Republic of				Degrees Brix	
Commodity	Juice, Orange				(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Deliv. To Processors	381	329	321	351	0	351
Beginning Stocks	4949	4949	4659	4899	2659	4609
Production	26500	25700	22000	25500	0	25500
Imports	110	110	0	110	0	110
TOTAL SUPPLY	31559	30759	26659	30509	2659	30219
Exports	14000	12960	12000	13000	0	13100
Domestic Consumption	12900	12900	12000	12900	0	13000
Ending Stocks	4659	4899	2659	4609	0	4119
TOTAL DISTRIBUTION	31559	30759	26659	30509	0	30219

Trade, Fresh Oranges

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Oranges		
Time period	Jan - Dec	Units:	Tons
Exports for:	2001		2002
U.S.	17,080	U.S.	17,152
Others		Others	
Netherlands	136,634	Netherlands	96,252
United Kingdom	86,825	United Kingdom	90,003
Russia	64,449	Russia	85,856
Saudi Arabia	63,497	Saudi Arabia	71,837
Belgium	59,397	Hong Kong	49,615
Spain	43,988	Mozambique	46,512
Hong Kong	42,955	Belgium	41,627
United Arab Em	39,331	Spain	34,317
Italy	19,981	United Arab Em	30,509
Canada	18,317	Italy	26,610
Total for Others	575374		573138
Others not Listed	83,889		124,428
Grand Total	676343		714718

Source: Dept of Customs & Excise

Fresh Lemons

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	3612	3552	3860	3,600	0	3650
Area Harvested	2542	2542	2600	2600	0	2600
Bearing Trees	1250	1270	1280	1300	0	1300
Non-Bearing Trees	520	500	620	500	0	520
TOTAL No. Of Trees	1770	1770	1900	1800	0	1820
Production	130	163	140	180	0	190
Imports	0	0	0	0	0	0
TOTAL SUPPLY	130	163	140	180	0	190
Exports	40	80	60	90	0	90
Fresh Dom. Consumption	10	10	10	10	0	10
Processing	80	73	70	80	0	90
TOTAL DISTRIBUTION	130	163	140	180	0	190

An expected 3% increase in bearing trees for MY 2003 will likely result in a rise in production of about 10%. Again, the production survey may chance these estimates in July.

Trade, Fresh Lemons

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Lemons		
Time period	Jan-Dec	Units:	Tons
Exports for:	2001		2002
U.S.	116	U.S.	383
Others		Others	
Saudi Arabia	13,850	Saudi Arabia	16,968
Belgium	13,341	United Arab Emi	11,986
United Arab Em	10,945	United Kingdom	9,245
HongKong	8,520	HongKong	7,766
United Kingdom	8,020	Belgium	6,216
Italy	3,554	Netherlands	5,079
Germany	2,729	Japan	4,293
Japan	2,509	Italy	4,107
Spain	1,353	Germany	1,706
Mozambique	920	Russia	1,580
Total for Others	65741		68946
Others not Listed	15,386		10,619
Grand Total	81243		79948

Source: Dept. of Customs & Excise

Fresh Grapefruit

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Grapefruit					(HECTARES)(1000 TREES)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	4800	5700	4400	5800	0	6000
Area Harvested	4600	5500	4200	5600	0	5700
Bearing Trees	1900	2200	1750	2240	0	2280
Non-Bearing Trees	102	90	100	90	0	120
TOTAL No. Of Trees	2002	2290	1850	2330	0	2400
Production	264	330	240	350	0	350
Imports	1	1	1	1	0	1
TOTAL SUPPLY	265	331	241	351	0	351
Exports	120	197	110	200	0	200
Fresh Dom. Consumption	20	9	20	10	0	10
Processing	125	125	111	141	0	141
TOTAL DISTRIBUTION	265	331	241	351	0	351

Production figures are expected at around 6% from last season because of good rains and temperatures.

Area

Planted area and output for grapefruit were revised upward significantly for 2002 and 2003 based on recent industry information. Reportedly, the revision was caused by under-reporting in industry surveys. Moreover, the uprooting of some orchards in Mpumalanga appears to have been offset somewhat by new plantings in other growing areas. The results of a producer survey are expected within a few weeks and should clarify the situation.

Trade, Fresh Grapefruit

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Grapefruit		
Time period	Jan-Dec	Units:	Tons
Exports for:	2001		2002
U.S.	330	U.S.	173
Others		Others	
Japan	44,735	Japan	39,202
Netherlands	22,544	Netherlands	34,282
United Kingdom	14,959	United Kingdom	26,221
Belgium	14,101	Mozambique	17,436
Mozambique	9,696	Belgium	9,767
Italy	7,618	Italy	8,915
Spain	5,193	Spain	5,068
Germany	4,357	Canada	4,889
Canada	3,112	Germany	4,520
France	1,892	France	4,265
Total for Others	128207		154565
Others not Listed	6,864		43,102
Grand Total	135401		197840

Source: Dept of Customs & Excise

Trade

Partly due to the strengthening of the South African Rand at R7 to 1US Dollar, all input costs (producing, picking, packing, transporting and shipping) have increased significantly. The average cost for carton of citrus at a pack-house loading point can be calculated at R38 and the delivered cost in Durban harbor is about R47.

Citrus exports to the United States originate from Bredadorp, Clanwilliam, Caledon, Heidelberg, Hermanus, Ladysmith, Montagu, Paarl, Piketberg, Robertson, Somerset West, Stellenbosch, Swellendam, Strand, Wellington, and Worcester areas of the Western Cape. Malmesbury has also applied to be included in the list. Exports to the US steadily increased from 450 MT in 1997 to 24,000 MT in 2001, and slightly declined to 23,200 MT. South African citrus industry's technological improvement for identification of mealybugs infection significantly decreased the rejection rate on products destined for the US.

South Africa's export period for citrus is from April to October. Its main competitors are Argentina, Chile and Australia during the principal season, and Israel, Spain, Egypt and the US towards the end of the marketing season.

Capespan, South Africa's biggest fruit exporting industry, handles about 80% of the country's fruit exports. About 70% of South Africa citrus production trade is exported annually, with more than 50 million cartons sold in about 50 markets on 6 continents. South Africa's biggest export market is still Europe, followed by the Middle East, Japan, the Far East and the United States.

The deregulation of 1997 opened up new markets for SA produce. Japan, with a better profit margin than Europe, has become an important market for South Africa's citrus industry.

Last year the European Union introduced a zero tolerance ban on citrus blackspot (CBS). This will stop all exports from farms in CBS areas. Currently, the Western Cape, because of its winter rainfall climate, is the only area declared blackspot free within South Africa. Europe has been South Africa's largest citrus export market since 1930. Over this

period, black spot has never been an issue between the EU and South Africa.

Policy

During the 2001 season, the National Department of Agriculture, through the Citrus Growers' Association, instituted a product tracking system for citrus. The system provides that growers exporting under the Special Export Markets (USA, Japan, Korea and EU) must register with the department and obtain a production unit code (PUC) per orchard or farm (s). The purpose of the registration is to be able to identify and withdraw all fruit produced on a particular production unit when the registration of a sample of that crop is declined.

International Standards

South Africa's Codex Alimentarius draft document, which will set a baseline criteria for production, is expected for release in 2003. The documented Maximum Residue Limit (MRL) information include: the local South Africa registered MRL and withholding period; an export default MRL and export withholding period; and the EU, USA and Codex MRL's, per fruit type. Export MRL's expected from the National Department of Health and Quality will include new Grading Standard Regulations based on the strictest MRL required in the EU Member States, Canada and the USA.

South Africa's National Department of Agriculture is scheduled to terminate complete usage of registered monocrotophos (including Azodrin and Monostem), for stem treatment of citrus, by the end of March 2003. Dimethoate is acceptable for fruit destined for the US, Canada, and Japan, and on 50% petal fall for other markets.

Eurepgap

Eurepgap Africa is established to contribute to regional harmonization of the Eurepgap protocol, compliance criteria and implementation guidelines. South Africans are debating the feasibility of Eurepgap since not all farmers and consumers can afford its usage, and the fact that it is also not widely used within Europe, e.g. Germany.

South African farmers are attempting to deal with different requirements of the exporting countries. Other than Europe's Eurepgap, the U.S. requires adherence to the (US)GAP and Codex.

By 2003, all South African exports to Europe will be required to meet the new requirements. However, farmers still need to comply with eurepgap requirements if they are to export to Europe this year. The EU's EUREPGAP is South Africa's main concern because of its complex requirements and costs of ensuring compliance. The industry figures estimates an initial audit in the region of R3,000-00, with the cost of compliance varying per individual farm. At present, South Africa is said to hold the third largest membership of EUREPGAP (255 members). At least 45 citrus growers have so far been accredited.

Marketing

Southern African Citrus Fruit Association (CGA), has successfully established fruit markets in over 67 countries around the globe. CGA is tasked with widening the scope of export markets, identifying potential new markets, applying for access and carrying out the necessary activities to gain this access.

South African citrus is sold in the UK markets under the brand name 'Jaffa' which is packed by Israel Citrus Marketing Board, and is expected to be available from July to December. The contract was made to both Jaffa and mega chainstore Tesco in the UK through Lona and other two exporters in South Africa. The venture for Jaffa branded fruit is highly successful, and has exceeded expectations by 35%. Its expectation is to improve performance in 2003.

In 2001, South Africa's citrus industry established three new structures, namely, Citrus South Africa, Citrus Exporters' Association, and the Joint Management Association, to provide more effective mechanisms for the management of citrus exports. About two-thirds of South Africa's total citrus crop is exported annually, earning the country around R2 billion in foreign exchange. The Citrus Exporters' Association, in co-operation with accredited exporters, is expected to secure minimum prices from exporters by applying strict quality standards.